

SUMMARY ANALYSIS OF AMENDED BILL

Author: Lowenthal Analyst: Angela Raygoza Bill Number: SB 1247
April 15, 2008, and
 Related Bills: See Prior Analysis Telephone: 845-7814 Amended Date: April 22, 2008
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Low-Income Housing Credit/Includes Qualified Farmworker Housing Credit/Repeal Farmworker Housing Assistance Program And Specified Credits

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED

X March 27, 2008, STILL APPLIES.

X OTHER – See comments below.

SUMMARY

This bill would consolidate the farmworker housing tax credit program into the state low-income housing tax credit.

SUMMARY OF AMENDMENTS

The April 15, 2008, amendments would do the following:

- Remove the criteria that the \$500,000 annual cap and unallocated credit are exclusively for farmworkers. This was a technical error corrected in the April 22, 2008, amendments that reinstated the \$500,000 cap for farmworker housing.
- Clarify the computation of the annual credit allocation cap.
- Clarify a provision that allows unallocated, unused, and returned and unused credits under former Revenue and Taxation Code sections 17053.14, 23608.2, and 23608.3 to be used until exhausted for annual credit allocation cap purposes.

Board Position:

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Asst. Legislative Director

Date

Patrice Gau-Johnson

5/5/08

The April 22, 2008, amendments would do the following:

- Specify that the \$500,000 annual cap and unallocated farmworker housing credits under prior law are exclusively for farmworker housing.
- Make technical non-substantive changes.

As a result of the April 15 and 22, amendments, the “This Bill” discussion, as provided in the department’s analysis of the bill as amended March 27, 2008, has been revised. Except for the discussion in this analysis, the remainder of the department’s analysis of the bill as introduced still applies. The revenue analysis remains unchanged and has been included below for convenience.

ANALYSIS

THIS BILL

This bill would do the following:

- Repeal the farmworker housing assistance program from the Health and Safety Code.
- Add new language to the Health and Safety Code requiring the farmworker housing credit to be allocated in the same manner as the state low-income housing tax credit.
- Specify \$500,000 annual cap plus any unallocated credit under prior law is for farmworker housing exclusively; if a disaster occurs, then nonfarmworker households can temporarily occupy vacant units.
- Specify farmworker housing credits that are unallocated or returned could be added to the annual credit allocation cap until exhausted.
- Add a provision that would allow farmworker housing credits to be awarded independently of federal low-income housing credits.

Additionally, this bill would provide the following definitions:

- “Household” means an immediate family member who resides, or who has made an application to reside together, as defined in the California Code of Regulations,¹ as a single family at a migrant center.
- “Agricultural worker” or “farmworker” has the same meaning as described in the Labor Code,² which means one engaged in agriculture. “Agriculture” is defined by the Labor Code³ as farming in all its branches.
- “Farmworker housing” means housing for agricultural workers that are available to, and occupied by, only farmworkers and their households. The Committee may permit an owner to temporarily house nonfarmworkers in vacant units in the event of a disaster or other critical occurrence. However, the emergency shelter shall only be permitted if there are no pending qualified farmworker household applications for residency.

¹ California Code Regulations Section 7602 Title 25

² Labor Code Section 1140.4

³ Ibid.

While this bill would repeal the California farmworker housing credit, it would add additional credit amounts to the California low-income housing credit that could be allocated to farmworker housing.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue impact:

Revenue Impact – SB 1247 as Amended April 22, 2008 Effective for Applications Received On or After January 1, 2009 Assumed Enactment Date After June 30, 2008			
Fiscal Year	2008/2009	2009/2010	2010/2011
Revenue Loss	No impact	No impact	< -\$150,000

Any possible changes in employment, personal income, or gross state product that might result from this bill are not taken into account.

Revenue Discussion

The revenue impact is dependent on whether incorporating the current farmworker housing credit program into the low-income housing credit program would result in additional low-income housing that serves farmworkers and their households exclusively. A historical review of the existing farmworker housing income tax credit program indicates that less than ten taxpayers claim in aggregate under \$10,000 in credits in any given year. Even if credits awarded annually triple in amount, the revenue impact of this bill would be less than \$150,000 starting in fiscal year 2010/2011. This estimate assumes there would be a two-year delay from credit application to final award and use of the credit.

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